

**OFFICE OF THE MISSISSIPPI SECRETARY OF STATE
BUSINESS REGULATION AND ENFORCEMENT DIVISION**

In The Matter Of:

**NANCY S. HUTTS and
HUTTS FINANCIAL GROUP, INC.**

)
)
) **Administrative Proceeding**
) **Number: S-06-0344**
)
)

RESPONDENTS

CONSENT AGREEMENT

THIS AGREEMENT is hereby entered into between the State of Mississippi, Secretary of State's Office, Business Regulation and Enforcement Division (hereinafter "Division"), by and through James O. Nelson, II, Assistant Secretary of State, and Respondents NANCY S. HUTTS (hereinafter "Hutts") and HUTTS FINANCIAL GROUP, INC. (hereinafter "HFGI").

The Division, having the power to administer and to provide for the enforcement of all provisions of the Mississippi Securities Act (hereinafter "Act"), and Respondents do hereby enter into this Consent Agreement in resolution of the Summary Cease and Desist Order and Notice of Intent to Impose Administrative Penalty (hereinafter "Order") issued November 21, 2006, detailing allegations by the Division of violations of certain provisions of the Act.

The Division's conclusions of law contained in the Order were as follows.

1. On August 8, 2006, Respondent Hutts through HFGI conducted a free workshop on retirement and senior issues. An examiner from the Division received an invitation to the workshop. Two examiners attended. At this workshop, Hutts stressed

the financial concerns of seniors such as the need to preserve assets, protect heirs, and avoid taxes.

2. At the August 8, 2006 workshop, the attendees were provided with a packet of materials. The packet included a questionnaire titled "Client Concerns and Evaluation." This form allows the workshop attendee to identify the areas with which they may need help. One of the choices on the form that could be selected was "Analysis of Mutual Funds, IRA's, Annuities, 401K's, or other investments." A copy of the questionnaire is attached as Exhibit "A."

3. Hutts held herself out as knowledgeable about securities and capable of advising attendees on their investment portfolios in the following ways:

a. The invitation identified Hutts as a "Certified Senior Advisor." This designation is not a financial designation. However, the designation combined with the nature of the investment products discussed, implied an expertise in financial planning.

b. During the presentation, Hutts promoted herself as someone with superior knowledge about investments and other financial products. She stated *"Other professionals like brokers, accountants, and lawyers are simply not qualified to do what I do."*

c. Hutts spoke in detail about mutual funds and the fees associated with these investments. She stated that she understood these fees and *"we will look at these fees together in your mutual fund analysis."*

d. Hutts stated that she had a software package to analyze mutual fund portfolios, the broker's commission and determine the ranking of funds.

e. Hutts used a power point presentation to compare the S & P 500 index with an Equity Index Annuity she offers.

4. Respondent then encouraged attendees to schedule private meetings with her.

5. Hutts explained that she does not charge for her time, but is compensated by the insurance company with a one-time “finders fee.”

NOW, THEREFORE, it is hereby agreed as follows:

- A. At all times relevant hereto, it was and continues to be the intent of Respondents to comply with the requirements of the Act, and, to that end, to cooperate with the Division.
- B. It is the intent of the Division and Respondents to reach an expeditious and appropriate resolution of this matter as it pertains to Respondents’ involvement therein.
- C. Respondents admit to the jurisdiction of the Division as to all matters herein.
- D. Respondents neither admit, nor deny that their conduct was in violation of the Act and at all times relevant believed that they were acting within the bounds of the Act.
- E. Respondents consent to the payment of Two Thousand Five Hundred Dollars (\$2,500.00) jointly and severally to be paid upon the execution of this Consent Agreement. Payment shall be remitted to the “Mississippi Secretary of State” and must be received by the Division within thirty (30) days of the execution of this Agreement.

- F. Respondents agree to provide the Division with two (2) weeks advance notice of any seminars or workshops. Said Notice to be sent to Mark Branning at mbranning@sos.state.ms.us. with a copy sent to Patricia Melivn at tmelvin@sos.state.ms.us. Respondents must receive an acknowledgement of receipt from one of the above individuals before proceeding with any seminar or workshop.
- G. Respondents agree neither to act as broker-dealers, as that term is defined in Miss. Code Ann. § 75-71-105(b), in Mississippi or for a Mississippi resident, nor broker-dealer agents, as that term is defined in Miss. Code Ann. § 75-71-105(a), in Mississippi or for a Mississippi resident, unless they are properly registered to act as such or otherwise qualify for an exemption from such registration as determined by the Division.
- H. Respondents agree neither to act as investment advisors, as that term is defined in Miss. Code Ann. § 75-71-105(g), in Mississippi or for a Mississippi resident, nor investment advisor representatives, as that term is defined in Miss. Code Ann. § 75-71-105(h), in Mississippi or for a Mississippi resident, unless they are properly registered to act as such or otherwise qualify for an exemption from such registration as determined by the Division.
- I. Respondents agree to cooperate fully with the Division in any future investigations relating to either one or both the offer and/or sale of any securities or the rendering of any investment advice.

J. If Respondents determine to sell securities or non-traditional insurance products such as variable annuities or equity index annuities, or any other non-traditional insurance product, then Respondents agree that they will keep the following books and records maintained in paper and/or electronic format as long as they are stored in a secure location and easily accessible for inspection:

1. A file containing all advertising and promotional material circulated to one or more individuals including, but not limited to, business cards, brochures, flyers, booklets, newsletters, seminar material and scripts, website pages, newspaper, radio and television advertisements;
2. A file containing all incoming and outgoing business-related correspondence, including electronic correspondence, to and from customers or prospective customers, affiliated or appointed companies and marketing organizations (not to include correspondence from affiliated or appointed companies promoting their products) ;
3. A file containing all written and/or verbal complaints received;
4. A file containing all correspondence and documentation relating to matters involving regulatory or law enforcement agencies, and civil and/or criminal proceedings;

5. Copies of all hypothetical illustrations, recommendations, proposals, or reports presented to customers or prospective customers;
 6. Copies of all customer statements, if any, generated, prepared, or produced by the non-registered person. This does not include customer statements generated by a broker-dealer, bank, insurance company, or other financial institution which are sent directly to the customer; and,
 7. Copies of all customer-signed agreements, applications, forms, or other documents to be maintained for three years following termination as a customer.
- K. Respondents agree to submit to examinations of its/their books and records as determined by the Division provided, however, such examinations shall be conducted during normal business hours. The Division may require, the Respondent to reimburse the cost of one (1) exam per year, with the cost not to exceed Eight Hundred Dollars (\$800.00).
- L. If Respondents determine to sell securities or non-traditional insurance products such as variable annuities or equity index annuities, or any other non-traditional insurance product, then Respondents agree that should they have any change of employment, or change their affiliation with any corporation, partnership, LLC, or any other entity that may exist under law, then they will notify both the Division and the Mississippi

Department of Insurance in writing within thirty (30) days of said change.

Notice to the Division may be served by email addressed to Mark

Branning at mbranning@sos.state.ms.us with a copy to Patricia Melvin at tmelvin@sos.state.ms.us.

- M. This Consent Agreement contains the entire understanding between the parties and supersedes any prior understandings and agreements between them respecting the subject matter of this Consent Agreement.
Furthermore, the parties herein represent that they have read each provision, understand each provision, and agree to each provision herein.
- N. A willful failure to comply with any of the terms, conditions or obligations of this Agreement will result in Respondents being deemed to be in violation of a lawful order made pursuant to the Act and, therefore, subject to the penalties available under the Act.
- O. Respondents are aware of their right to a hearing on those matters set forth in the Order, at which they may be represented by counsel, present evidence and cross-examine witnesses. Respondents hereby irrevocably waive the right to such a hearing.
- P. The entry of this Agreement represents the settlement of regulatory claims by the Division against Respondents only and does not, in any way, restrict or affect the rights or causes of action, if any, of any individual or entity.
- Q. This Agreement pertains only to those matters set forth in the Order, referred to above, and only to Respondents' involvement therein.

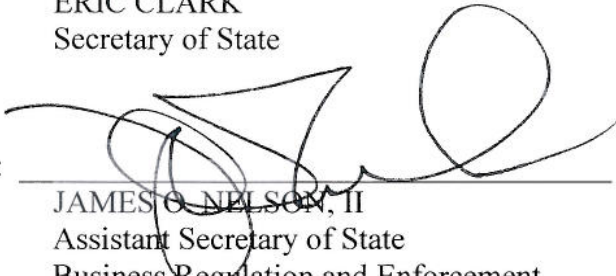
R. Respondents acknowledge that they have read this Consent Agreement in its entirety and fully understand the rights, terms, and obligations contained therein.

WHEREFORE, the undersigned hereby acknowledge and agree to the terms and conditions of the foregoing Agreement by written consent.

THIS, the 10th day of APRIL, 2007

ERIC CLARK
Secretary of State

By: _____


JAMES G. NELSON, II
Assistant Secretary of State
Business Regulation and Enforcement

HUTTS FINANCIAL GROUP, INC.

By: _____

Title: _____

Date: _____


Nancy S. Hutts
President
3/15/07

NANCY S. HUTTS

Date: _____

Nancy S. Hutts
3/15/07

APPROVED:


DANIEL P. SELF, JR., MSB # 6700
CO-COUNSEL FOR RESPONDENTS


DAVID WAYNE MILNER, MSB # 3331
CO-COUNSEL FOR RESPONDENTS

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